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**COMMISSION for
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270 Washington St. SW
Atlanta, Georgia 30334
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**Smart Government
Saves & Serves**

FALL 2005

Smarter purchasing will save \$135 million a year in government spending

A national management firm is now at work to save Georgia at least \$135 million a year on the cost of thousands of items purchased by state agencies. The Chicago-based firm of A.T. Kearney, Inc. is taking on the 4-year project to overhaul the system used for bidding and buying nearly all state supplies and services.

"This is a prime example of how state government operations can be made more efficient, resulting in millions of dollars in taxpayer savings," said Governor Sonny Perdue. "We're adopting smart business practices, and savings will be immediate, substantial and sustained for years to come."

The procurement process -- which accounts for more than \$5.7 billion in state spending a year -- was the largest potential source of government savings identified by the Commission for A New Georgia. A CNG Task Force recommended that Georgia shift to 21st Century technologies and management techniques that are proving to be "best practices" for the private sector and for other states.

A.T. Kearney specializes in managing multi-million dollar purchasing through "strategic sourcing," a process for seeking the best supplier and lowest cost for specified items. The list includes such operating staples as office supplies, heavy machinery, contracts for printing, computer software and food services.

The company reports saving clients more than \$30 billion in the past 20 years. Its successes include similar projects in five states and a long list of the nation's largest corporations, including Gillette, ChevronTexaco, UPS and Campbell Soup.

The firm predicts a fast start on savings, with first results by May 2006.

The contract calls for A.T. Kearney to meet the initial \$135 million savings target within three years, then hand over an established system that will continue to accrue those savings and add millions in new savings annually thereafter. The firm agreed to risk 20 percent of its fee if results fall short of \$135 million goal. The A.T. Kearney team will work side by side with the Department of Administrative Services (DOAS), the agency that oversees the government's procurement process.

"Of the states we've seen, Georgia is the best-prepared to take on a transformation project of this magnitude," said Joel Goldhammer, vice president of A.T. Kearney and leader of its state government practice. "Governor Perdue deserves compliments for a solid plan of action that will begin generating significant savings on a short timeline and keep multiplying the results year after year."

Not counting future savings from procurement reforms, CNG recommendations have so far freed-up more than \$31 million in state funds by reducing operating expenses and selling off surplus property.

"This is a prime example of how State government operations can be made more efficient... Savings will be immediate, substantial and sustained for years to come."

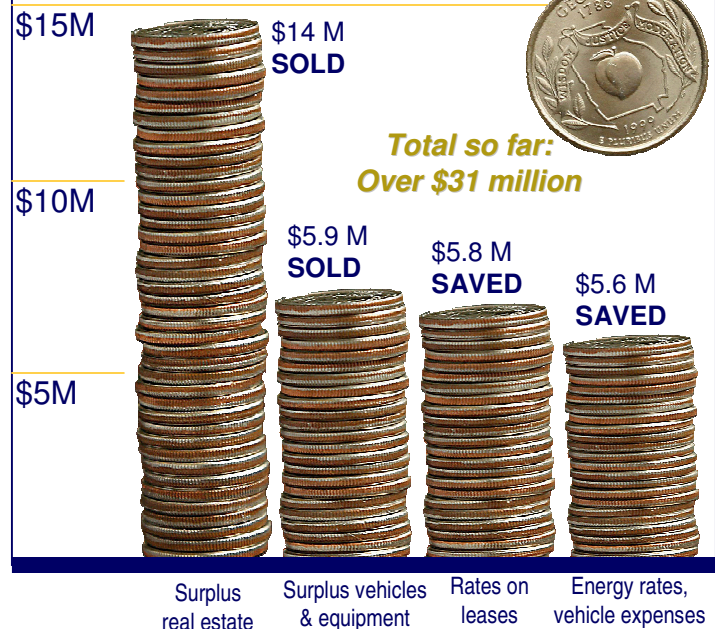
Governor Perdue

What does \$5.7 Billion buy?

For example...

Office supplies
Heavy machinery
Trucks, cars, vans
Computers, printers
Software programs
Copiers
Food services
Printing
Desks, chairs, furnishings
Road signs, barrels, etc.
Communications services
Service contracts
Custodial supplies

FIRST REPORT: SALES & SAVINGS



BEST-MANAGED GROWING EDUCATED HEALTHY SAFE

COMMISSION for A NEW GEORGIA
 BETTER-MANAGED GROWING EDUCATED HEALTHY SAFE

"We're shaping the first
 reform of becoming a better-
 managed state. The real
 home in that there savings
 can be reinvested in
 education and health care."
 —Gov. Sonny Perdue

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Schuerholz starts at opener for Leadership series

In 1990, John Schuerholz accepted "mission impossible" --

to lead the basement-bound Braves to the pinnacle pennant.

In his 14 seasons as general manager, the Braves have turned in a streak of 14 division championships -- the record for any team in any sport -- and a World Series title.

How he did it, in his own words, was the opening pep talk at the inaugural summit of the Governor's Leadership Institute in August.

Schuerholz said the same leadership principles that built a champion ball club can work to make Georgia the best-managed state in America.

At the Summit, Governor Perdue called government a "team sport" that needs leadership, bench strength, and a farm team to develop future "all stars."

"The future leaders of State government are working in State government right now," Gov. Perdue said. "It's our job to identify, retain, and prepare them to take the reins."

The Governor's institute developed from recommendations by the Task Force on Leadership Development, headed by Synovus CIO LeeLee James.

With more than 20 percent of State government's seasoned administrators retiring within five years, the purpose of the institute is to reach into all levels of administration and management, from state agency headquarters to local offices, to identify promising future leaders and develop their potential.

UGA's Carl Vinson Institute and Terry College of Business designed the curriculum, which will reach into every level of state government in agencies and offices throughout Georgia.



Latest Task Force Reports

Customer service rules in a new culture of 'faster, easier, friendlier'

If good customer service seems to be the exception in most governments, Governor Perdue wants to make it the rule in Georgia.

Achieving that will take a change in the culture as well as the processes of state government, said the director of the Governor's Office of Consumer Affairs, Joe Doyle, who chaired the CNG Task Force on Customer Service.

Task Force findings agreed with the public's major complaints about poor service -- difficulty connecting with the right office or even a real person, long lines and wait times, inefficient processes, employees who are not too helpful.

The State's first-ever study of its call centers showed that about half of the 50 million calls that come into various agencies are answered by a machine. Hold times range from a second to nearly an hour; in some agencies 6 out of 10 callers finally hang up. Over 2.5 million calls are misdirected or not answered.

5 actions were recommended to reach new standards of "faster, easier, friendlier" service:

1. Create the culture and set expectations for how state entities serve customers.
2. Pilot process improvement and cultural development methods in several agencies.
3. Create a general Information Call Center.
4. Improve existing call handling services.
5. Implement a remote worker program to supplement call center staff.

Process improvement projects will start in agencies that have high levels of public interaction and dissatisfaction.

The concept for a general call center is under study to determine the most cost-efficient operation, but could eventually involve call-handling centers supplemented by remote operators working out of their homes. All of the operators would work from the same information database.

An advantage of the remote system, Doyle said, is opening that job market to home-bound workers, including caregivers and people with disabilities.



Full Reports by all Task Forces are available on the CNG Website @ newgeorgia.org

State Health benefits must balance coverage and fiscal responsibility

The State Health Benefits Plan Task Force tackled a huge and runaway fiscal problem:

For the two years, the legislature has covered a \$300 million gap between the premiums and the payouts in health benefits for 640,000 state employees, dependents, and retirees.

And while the cost of state health insurance is projected to track the national rise of 10-12 percent a year, recent premium increases have pushed the plan to the edge of affordability for employees and retirees.

The Task Force was co-chaired by University System Vice Chancellor for Human Resources Bill Wallace and Ellen Lindemann, Senior Vice President of the Southern Company. Members included representatives of some of Georgia's largest corporations, and consultants from Hewitt.

The report recommended restructuring the SHBP for better cost control: aligning premiums and benefits more realistically, managing choice of services, developing consumer incentives to adopt preventive health practices, and reviewing eligibility of participants who are not state employees or fulltime workers.



The **COMMISSION for A NEW GEORGIA** is a non-profit corporation led by CEOs and senior executives from all parts of Georgia. Their mission is to bring breakthrough thinking and a fresh perspective to ways state government can better manage its assets and services and map its strategic future. Nearly 300 knowledgeable citizens have served on 17 focused, fast-acting task forces tackling a wide range of issues. The task forces recommended 65 actions to improve cost savings and customer service in government and to open new opportunities for a growing economy. Recommendations are now being put into effect through the **Governor's Office of Implementation.**

COMMISSION for A NEW GEORGIA
GOVERNOR'S OFFICE
of IMPLEMENTATION
Lonice Barrett, Director